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FIFTH COMMITTEE
7th meeting
held on
Thursday, 28 October 1993
at 10 a.m.
New York

SUMMARY RECORD OF THE 7th MEETING

Chairman: Mr. HADID (Algeria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.15 a.m.

AGENDA ITEM 127: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/48/11)

1. Mr. ONWUALIA (Nigeria) said that, despite its imperfections, the current scale methodology was the only one acceptable and could be gradually improved. His delegation continued to support national income as the fundamental criterion for determining the scale of assessment, as well as the use of market exchange rates (MERs) or, in certain specific instances, price-adjusted rates of exchange (PAREs); it also continued to support the use of data supplied by Member States.

2. In 1991, Nigeria had stressed the need for a shorter statistical base period. A shorter period of three to five years would make it easier to take into consideration the unstable nature of the economies of most of the developing countries and countries in transition. The reduction could be made gradually, in accordance with the recommendations of the Committee on Contributions. Similarly, the scheme of limits should be gradually phased out since it created distortions that penalized those countries it was meant to assist. Nigeria was in favour of gradually adjusting the current methodology and rejected the so-called "clean slate" approach.

3. Mr. MARUYAMA (Japan) said that the basic principle of apportioning the expenses of the Organization was each Member State's capacity to pay, estimated on the basis of national income. The various elements which had been taken into account over the years, for technical or other reasons, had meant that the current methodology, although imperfect and highly complicated, represented a delicate balance among disparate political interests. It would therefore be difficult to adjust it. That being the case, it was regrettable that the General Assembly, at its forty-seventh session, had not been able to adopt a resolution that could have guided the work of the Committee on Contributions.

4. While Japan clearly understood the concerns of the 22 Member States referred to in paragraph 21 of the Committee's report, it firmly believed that the methodology which had been applied in their case was, and remained, the only feasible one. Furthermore, however well-founded the technical reasons for shortening the statistical base period from 10 to 9 years, it was preferable to maintain the current period, since it promoted stability. The low per capita income allowance should not be used excessively. As certain members of the Committee had indicated, the use of a 100 per cent gradient would create additional distortions and benefit only a very limited number of countries, while it would unfairly penalize the smaller developing countries. Japan was therefore opposed to that proposal.

5. In view of the divergence of opinions as to how the scale methodology should be modified, Japan shared the view of those who believed that it would be better to revamp the methodology completely rather than attempt to improve one or another of its components. His delegation once again warned against focusing excessively on the technical aspects of the problem, and reiterated its proposal that an ad hoc, independent, high-level body should review the problem from a wider viewpoint.

6. Mr. KERSTEIN (Slovenia) noted with satisfaction that the representations made to the Committee on Contributions had given it a better understanding of the political, legal, economic and technical issues raised by the 22 Member States; he recalled that, at its fifty-second session, the Committee had indicated that the rates of assessment for new Member States might undergo considerable adjustment when the next scale was prepared.

7. The Committee on Contributions had decided that, in the absence of a specific mandate from the General Assembly, it did not feel competent to deal with the political and legal aspects of the problem. As it had noted, the assessment rates for the 22 Member States could be determined at a level more in keeping with their capacity to pay in the context of the next scale of assessments, based on an improved methodology. In that regard, while his delegation fully supported the principles reaffirmed by the General Assembly in its resolution 46/221 B, it welcomed the Committee's decision to review periodically the definition of income to be used in determining the scale of assessments. No effort should be spared to arrive at a more transparent and simplified methodology.

8. In that spirit, Slovenia urged the Committee on Contributions to continue to study ways of taking into account the problems of refugee-host countries. Furthermore, his country was particularly interested in the idea of shortening the statistical base period to make it more realistic. With regard to the scheme of limits, it was his delegation's understanding that the General Assembly intended to phase it out over the next two three-year scale periods, but it would not object to the Committee giving further consideration to the question. A choice would have to be made between improving the current methodology and maintaining stability in the scale of assessments, but it was important to study all innovative approaches, such as the "clean slate" approach, although the latter was probably too extreme.

9. In the interests of consistency, the Committee on Contributions had, in the case of three of the new Member States, followed the methodology previously applied to States formed from the break-up of another Member State. Without wishing to comment on the actual rates proposed, Slovenia believed that the Committee had acted correctly.

10. Finally, despite the imperfections in the scale methodology, his delegation shared the view of many others that, particularly at a time when the Organization was being entrusted with complex new challenges, it was essential that all Member States should fulfil their financial obligations under the Charter. Slovenia had done so, despite the difficulties it was experiencing, and it was determined to continue to do so.

11. Mr. SALANDER (Sweden), speaking on behalf of the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden), said he firmly believed that the fact that the General Assembly had failed to reach agreement on the scale of assessments for 1993 and 1994 was due to exceptional circumstances and in no way constituted a precedent. Nevertheless, that situation had prevented the Committee on Contributions from examining, in a substantive way, the representations made by a number of States which had been part of the former USSR, the former Czechoslovakia and the former Yugoslavia. The Committee should therefore be given clear guidelines so that it could define a methodology for the period

(Mr. Salander, Sweden)

1995-1997 more in keeping with the principle of capacity to pay than the current cumbersome system, which lacked transparency.

12. National income, as defined at the beginning of paragraph 34 of the report of the Committee on Contributions (A/48/11), should continue to serve as the basis for establishing the scale of assessments. As indicated in paragraphs 34 to 41 of the report, no other acceptable definition had yet been found. With regard to the issue of conversion rates, the Nordic countries shared the Committee's view that market exchange rates (MERs) should be the rule, and price adjusted rates of exchange (PAREs), the exception. That issue had complicated the process of determining the rates of assessment for a number of new Member States for which there was no MER for the first years of the statistical base period. The problem would have been resolved if a shorter statistical base period had been used and the Nordic countries firmly believed that that solution would not only reflect the present rather than the past, but would benefit all countries, including the developing countries. The Independent Advisory Group on United Nations Financing had, moreover, suggested shortening the statistical base period to three years.

13. The low per capita income allowance benefited mainly those developing countries with large populations. Noting that some members of the Committee on Contributions were of the view that any increase in the gradient would not benefit the great majority of developing countries, the Nordic countries believed that the formula should be abolished.

14. The Nordic countries had studied with interest the idea of applying the "clean slate" approach to the current system and were in favour of adopting a simple, transparent methodology based on reliable, verifiable and comparable data, particularly if the change was accompanied by a shortening of the statistical base period.

15. Mr. SIRRY (Egypt) recalled that the methodology applied in past years for determining the scale of assessments was the outcome of a consensus and, by and large, had been satisfactory, particularly in terms of fairness and stability. It would therefore be better not to depart from it and to retain, in particular, the two important elements, namely national income and market exchange rates.

16. It was regrettable that the Committee on Contributions had been unable to offer specific recommendations regarding the statistical base period, the low per capita income allowance and the scheme of limits. He hoped that the Committee would not unnecessarily disturb the balance between those three elements which had been so difficult to achieve. His delegation could not agree that the current methodology should be subject to endless modifications with the sole aim of securing advantages for some at the expense of others. His delegation sympathized with the concerns voiced by the 22 Member States and believed that the issue should be addressed in the context of the next scale of assessment.

17. His delegation wondered why the "clean slate" approach had been given that name since, while the 25 per cent ceiling would be abolished, the floor of 0.01 per cent would be retained; in other words, the principle of capacity to pay would continue to be applied to the least developed countries. That

(Mr. Sirry, Egypt)

constituted a somewhat dogmatic contradiction and he wondered why other developing countries which were also suffering from all sorts of difficulties would not also wish to have their capacity to pay taken into consideration. Bosnia and Herzegovina, for example, would see its rate of assessment increase from 0.04 per cent to 0.07 per cent, or even 0.08 per cent, depending on the length of the base period. Egypt was therefore strongly opposed to the "clean slate" approach, which was clearly unrealistic and unfair.

18. Mr. ABDELLAH (Tunisia), speaking on behalf of the Arab Maghreb Union, stressed that General Assembly resolution 46/221 B was still the appropriate political framework for examining the scale of assessments and that it was important to settle the question by consensus and maintain a balance between two imperatives: fairness and the financial viability of the Organization.

19. The scale methodology must continue to be based on capacity to pay, measured in terms of national income. It must not entail the systematic allocation of additional points to developing countries, nor must it increase their burden in the event of the abandonment of the scheme of limits.

20. The low per capita income allowance was a legitimate measure for providing relief to many countries and should continue to be applied, inasmuch as the efforts made by those countries in the economic and social fields had an impact on their capacity to pay and ought not to be hampered.

21. Any new methodology must take into account the real capacity of countries to pay and must respect the principle of the equitable apportionment of expenses among Member States; it must therefore take into account the external debt burden.

22. Mr. KARBUCZKY (Hungary) said that his delegation fully sympathized with the position of the 22 Member States. Despite their difficulties, they were not asking for any preferential treatment, but were simply seeking to have their rates of assessment established on a more realistic basis. Like any other Member State, they had the right to submit their own data, to request that IMF exchange rates should be applied to them, and to be assessed as new Member States. In that regard, the assessments of the Czech Republic and Slovakia, which resulted from a mechanical redistribution of the assessment of the former Czechoslovakia, constituted an example of the deficiencies of the current scale methodology. If the methodology for the determination of the next scale of assessments was still not satisfactory, new ad hoc arrangements for the countries concerned would be required.

23. The scale methodology must be simple, must contain only the absolutely unavoidable subjective and political elements, and must reflect the relative capacity to pay of Member States. That was not true of the existing methodology, which benefited some Member States while burdening others. As a result of the scheme of limits and the 10-year base period, for example, contributions did not take into account the recent evolution of national economies. Three-year scales, combined with a 10-year base period, introduced further distortions, as explained in footnote 5 to the report of the Committee on Contributions. The floor rate also resulted in the unreasonable overassessment of very poor Member States.

(Mr. Karbuczky, Hungary)

24. His delegation was in favour of what was defined in the report as the "clean slate" approach, which involved the input of national incomes (and in the future, probably, assessable incomes), and a shorter statistical base period of three or six years. The floor rate of 0.01 per cent should, however, be made a ceiling for the least developed countries while the ceiling applicable to major contributors should be retained, although he realized that that would introduce a subjective element into the scale calculation.

25. The low per capita allowance formula must be carefully studied in the light of the reasoning set out in the report of the Committee on Contributions. Moreover, to account for external debt, it would suffice to take into consideration the net amount of interest paid. One thing that was surely not needed was the scheme of limits, the abolition of which had been advocated by Hungary four years earlier.

26. Mr. DONNELLY (United States of America) said he hoped that, unlike what had happened during the forty-seventh session, the Fifth Committee would reach a consensus during the current session and would be able to provide the Committee on Contributions with the guidance it needed to prepare recommendations regarding the next scale.

27. The United States was by far the largest contributor to the United Nations budget. It was not surprising, therefore, that as the Organization's expenditures had increased, the United States Congress and the tax-paying public wished to know whether the financial burden was being shared in an equitable manner among the Member States and whether the Organization was doing all that it could to upgrade efficiency and restrict the growth of the budget. Similarly, President Clinton, in his address to the General Assembly, had made clear the intention of the United States to work to reduce its rate of assessment for peace-keeping operations.

28. His delegation had always expressed reservations about the use of capacity to pay as the fundamental criterion for determining assessments. It believed that the current methodology should be improved. It retained an open mind with regard to suggestions and urged all Member States to do the same. It would evaluate such suggestions on the basis of transparency, the underlying fairness of the methodology and its mathematical integrity. In his delegation's view, the use of the 10-year statistical base period gave a distorted view of the relative economic strength of Member States at the time assessments were calculated. The impressive growth many nations had enjoyed after implementing market-driven economic policies was to be welcomed, yet it was not reflected in the mechanisms for funding United Nations activities. The scheme of limits was unsatisfactory in that it transferred shares of the Organization's costs from countries whose ability to pay was increasing to those whose ability to pay was decreasing.

29. The United States Government in principle supported the concept of a "clean slate" approach, provided that the ceiling and floor rates were maintained, for it was not desirable to have any Member State pay too great or too small a share. The deviations from that approach which were currently in the scale or were suggested for inclusion might often be justified, but they could lead to

(Mr. Donnelly, United States)

serious distortions, for instance, in the case of the low per capita income allowance.

30. His delegation was sympathetic to the views expressed by the 22 Member States, but agreed with the Committee on Contributions that those views could best be taken into account in the context of a new scale of assessments. It was confident that at its next session, the Committee on Contributions would give careful consideration to the unique set of circumstances affecting those States, especially if, as it hoped, the Fifth Committee invited it to do so in its recommendations.

31. Mr. CHOWDHURY (Bangladesh), said that capacity to pay must remain the fundamental principle for determining the scale of assessments. While there was no question that the methodology needed to be refined, that task should be approached with an open mind and with flexibility.

32. His delegation's position with regard to the various elements of the methodology was that the national income concept was the most suitable for the purpose of determining the scale; that among the proposed conversion rates, the market exchange rate was the most appropriate; and that the statistical base period should remain at 10 years, in order to attenuate the changes in assessments resulting from sudden or short-term economic changes. Bangladesh would nevertheless agree to the nine-year base period recommended by the Committee on Contributions.

33. There had been wide divergence of opinion regarding the low per capita income allowance and its gradient. Inasmuch as that automatic adjustment mechanism had provided relief to many developing countries, Bangladesh supported its continued use in the scale methodology. The scheme of limits should be gradually phased out, as suggested by the General Assembly. However, the Committee on Contributions should urgently examine ways and means of minimizing or eliminating the allocation of additional points to developing countries in the post-transition period.

34. In general, his delegation would prefer that no radical changes should be made in the methodology for determining the scale of assessments which might threaten its stability. It therefore found the "clean slate" approach unacceptable.

35. In view of the continued deterioration of economic conditions in the least developed countries, the floor rate must continue to be applied in respect of them. His delegation was happy to note that that principle had been recognized by the Committee on Contributions, the European Community and various other countries.

36. Lastly, while Bangladesh was sympathetic to the concerns of the 22 Member States, it agreed with the Committee on Contributions that the best solution was to await the preparation of a new scale.

AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

Managing works of art in the United Nations (A/48/72 and Add.1)

37. Mr. ABRASZEWSKI (Joint Inspection Unit), introducing the report of the Joint Inspection Unit (JIU) on managing works of art in the United Nations (A/48/72), explained that the inspectors had taken up that question following the observations made by the Secretary-General in his report of 27 November 1990 on building management and maintenance. After reading out those observations, which were reproduced in paragraph 8 of the JIU report, he said that the report had been prepared in consultation with a number of delegations and units at United Nations Headquarters.

38. On completing their study, the inspectors had made four recommendations which were set out at the beginning of the report. To sum up, the Secretary-General should make proposals to the General Assembly at the earliest possible date for an arts policy for the United Nations; undertake the reorganization of the Arts Committee and submit a report thereon to the General Assembly at an early date; inform Member States of the measures he planned to take to develop, preserve and safeguard the arts collection of the United Nations; and engage a professional curator (who might be appointed on a part-time basis).

39. Ms. THOMPSON (Director, Office of General Services), said that the Secretary-General basically accepted the four JIU recommendations and that his comments in respect of them related more to the measures proposed by the inspectors for their implementation. He had a few reservations as to whether those measures were appropriate to the situation, but he believed that the dialogue initiated with the inspectors constituted a good starting point for a more detailed examination. With regard to the proposal concerning the recruitment of a curator, the Secretary-General trusted that it would not rule out the possibility of engaging professional museum curatorship services.

The meeting rose at 11.50 a.m.

UNITED NATIONS

General Assembly

FORTY-EIGHTH SESSION

Official Records

FIFTH COMMITTEE
8th meeting
held on
Friday, 29 October 1993
at 10 a.m.
New York

SUMMARY RECORD OF THE 8th MEETING

Chairman: Mr. HADID (Algeria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.15 a.m.

AGENDA ITEM 127: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/48/11)

1. Mr. NOVRUZOV (Azerbaijan) protested against the flagrantly unfair assessment proposed by the Committee on Contributions for Azerbaijan. Fixed at 0.22 per cent of the United Nations regular budget, the assessment bore no relationship to the country's real economic situation. It should not be forgotten that Azerbaijan was a victim of aggression, that 20 per cent of its territory was occupied, and that it had 1 million refugees out of a population of 7 million inhabitants. Compounding its difficulties were the plunge in the official exchange rate of the rouble against the dollar and the continued use of Soviet statistics, which bore no relation to reality.

2. Future theoretical discussions on the length of the statistical base period and the scheme of limits would be of questionable value. His delegation would participate in the discussions but it must inform the Committee that Azerbaijan, a young independent State which still believed in the United Nations, had no intention of allowing itself to become a willing victim.

3. Mr. MARKER (Pakistan) said that, since the Committee on Contributions would be considering the scale of assessments for 1995-1997 during its session in 1994, it was essential for the Fifth Committee to provide it with clear, unambiguous guidelines in anticipation of the forty-ninth session of the General Assembly.

4. Reaffirming that the capacity to pay should remain at the core of the scale methodology, he expressed disappointment that, according to the Committee's report, certain Member States supported the concept of purchasing power parity, which had not even been accepted by the International Monetary Fund. As for the "clean slate" approach, it was sufficient to state that it would result in a five-fold increase in the assessment rates of medium-income countries with relatively large populations and that it would substantially lower the assessment rates of a large number of countries which were in a position to pay more by virtue of their level of development.

5. His delegation appreciated the difficulties confronting the 22 Member States. The agreement on the gradual phasing out of the scheme of limits was helpful to them, but the Committee should strive to take their concerns more fully into account in the new scale of assessments.

6. His delegation regarded the current scale methodology as both workable and consistent. While it could be further improved, there was no reason to change it radically. Thus, the dual advantage of the 10-year statistical base period was that it guaranteed stability and predictability of assessment rates. His delegation had, however, noted the view of the Committee on Contributions that multiples of three years would be technically more sound and agreed with the idea that a nine-year period might be more feasible.

(Mr. Marker, Pakistan)

7. The scheme of limits was directly linked to the base period, since its raison d'être was precisely to rectify excessive fluctuations between scales.

8. In conclusion, his delegation wished to reaffirm its conviction that the criteria set forth in resolution 46/221 B and accepted by the vast majority of Member States constituted the most rational basis for the scale methodology.

9. Mr. LAMAMRA (Algeria) welcomed the appointment of Ambassador Ali as member emeritus of the Committee on Contributions in gratitude for his 27 years of outstanding service and invited the officers of the Committee to find an appropriate way to pay tribute to him.

10. Concerning the scale of assessments, he said that his delegation attached great importance to the principle of capacity to pay. In that context, the Japanese proposal to request a high-level group of experts to pinpoint the concept of capacity to pay was worth considering and could ultimately facilitate the formulation of a scale on a consensus basis. In the meantime, the Fifth Committee should come to an agreement on specific guidelines to give to the Committee on Contributions with a view to determining the scale for the triennium 1995-1997.

11. From that perspective, Algeria believed that if national income continued to be the main criterion for capacity to pay, it should be calculated on the basis of realistic conversion rates, taking into account each country's indebtedness. The indebtedness coefficient should be larger, moreover, in order to reflect more accurately the considerable impact of indebtedness on the capacity to pay of a country which, like Algeria, earmarked the bulk of its export earnings for debt service.

12. As to the 10-year statistical base period, it was both a distortion factor and a source of inequity in that it gave a false picture of a State's real situation at the time it paid its contribution. Algeria, for its part, hoped that the period would be shortened to a maximum of three years.

13. While acknowledging the need to review the low per capita income allowance and the scheme of limits, his delegation stressed that they should not be done away with overnight.

14. As the ceiling and floor for contributions existed for political reasons that were still valid, it would be ill-advised to question them.

15. The increase in Algeria's rate of contribution in recent years, at a time when its capacity to pay was declining, was symptomatic of the shortcomings and inequity of the current scale methodology. It was therefore urgent to improve the methodology in order to arrive at fairer, more objective results.

16. Mr. TANG Guangting (China) said that the Committee on Contributions had inevitably reached the conclusion that the only way to calculate assessments more closely in line with the 22 Member States' capacity to pay would be to develop a new scale of assessments. That was because the General Assembly had been unable to agree on how to improve the scale methodology at its forty-seventh session. The Fifth Committee had therefore to determine a new scale of assessments that better reflected the capacity to pay of Member States.

17. Given the many ways of defining income, his delegation agreed with the Committee on Contributions that from a technical viewpoint national income was the most appropriate concept for the scale of assessments, although various alternative concepts of income should be kept under consideration.

18. The conversion rates used to calculate assessment rates had a direct impact on determining the capacity to pay of States. The applicability of those rates in practice must be ensured and the data on which they were based must be reliable. The rates should give an accurate picture of the relations between States in terms of goods, services and other transactions. The Committee on Contributions was therefore justified in determining that it would be preferable to continue using market exchange rates, even if the use of price-adjusted exchange rates could correct some distortions. Moreover, while the concept of purchasing power parity was theoretically justified, it should be noted that those organizations which used it did so for analytical purposes only. The concept was based on the assumption that goods and services selected for comparison were actually comparable; and yet, in reality, the situation varied greatly from country to country. In the developing countries, moreover, pricing systems were not yet fully developed. The question was extremely complex and, in the current circumstances, the use of such parities would only lead to further distortions.

19. What was important with regard to the statistical base period was not whether it was 3, 5 or 10 years, but that, once established, it should remain stable and not be subject to constant changes. As for the scheme of limits, it was an arbitrary device that had a distorting effect on the scale of assessments in violation of the principle of capacity to pay, as was readily apparent from the calculation of the assessments of the 22 countries. His delegation was therefore in favour of gradually phasing it out, provided that due account was taken of the interests of those developing countries that would be most affected by the decision.

20. The low per capita income allowance was fundamental to the principle of capacity to pay. His delegation regretted that certain members of the Committee on Contributions had advocated the so-called "clean slate" approach, by which the scale of assessments would be established purely on the basis of total national income. It was evident that most of the beneficiaries of such an approach would be developed countries, with greater capacity to pay. That approach, which would benefit the rich and victimize the poor, must be rejected now as it had been in the past. His delegation could not accept any approach which did not incorporate a non-discriminatory allowance formula.

(Mr. Tang Guangting, China)

21. He also noted with great concern that certain members of the Committee on Contributions had once again put forward the idea of linking assessments with so-called "privileges". That would be tantamount to buying power with money, and his delegation wished to point out firmly that the United Nations was neither a bank nor a transnational corporation. Any link between contributions and the acquisition of special privileges was in contravention of the spirit of the Charter and was totally unacceptable. The Committee on Contributions was a technical body, and its members should refrain from any political considerations, particularly when they were in violation of the spirit of the Charter.

22. Mr. PANEV (the former Yugoslav Republic of Macedonia), recalling that his country belonged to the group of the 22 Member States, stressed that the assessments for those countries scarcely reflected their current economic situation or, in certain cases, their capacity to pay. His delegation fully supported the conclusion of the Committee on Contributions that "a determination of assessment rates for the 22 Member States that better [reflected] their current capacity to pay could only be achieved in the context of a new scale of assessments". Since the Assembly would need to give guidelines to the Committee on Contributions regarding the scale of assessments for 1995-1997, it was essential to make every effort to adjust the current methodology in response to the problems faced by the newly independent transition economies.

23. The Republic of Macedonia was facing enormous difficulties, as a result above all of external circumstances, in particular the fact that his Government was strictly implementing the Security Council resolutions on sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro). The contribution of the Republic of Macedonia should be determined exclusively on the basis of official statistics provided by the competent Macedonian authorities and not on the basis of information supplied by the former Yugoslav authorities. Its rate of assessment would then be lower than that recommended by the Committee on Contributions.

24. His delegation was of the view that the statistical base period should be much shorter. Further, the question of the exchange rates used in the calculation of assessments should be carefully considered in order to ensure that an accurate picture was given of economic realities, thus reflecting real capacity to pay.

25. It was obvious that political factors were as important as economic and technical factors in formulating the scale of assessments. It was thus important for the Fifth Committee, and the General Assembly, to take due account of such considerations.

26. Mr. ZEVELAKIS (Greece) recalled that, with respect to references to Macedonia, Security Council resolution 817 (1993) provided that the State should be provisionally referred to as "the former Yugoslav Republic of Macedonia" pending settlement of the difference that had arisen over the name of the State.

27. Mr. CHINETOV (Kyrgyzstan) reaffirmed the basic positions set forth in the joint representation to the Committee on Contributions by the 14 former Soviet Republics. The 14 advocated a reduction in the statistical base period so as to take into account the problems which had been affecting the transition economies for some time, the early abandonment of the scheme of limits and the uniform use of IMF exchange rates. The method followed for the establishment of the scale of assessments must be such that it could be quickly and objectively adjusted in response to changes in economic circumstances.

28. As a result of the parameters currently utilized, the assessment for Kyrgyzstan did not correspond to its real capacity to pay. A new scale, better reflecting capacity to pay, would release hundreds of thousands of dollars which could be used for economic development and the control of drug trafficking.

29. Mr. SOH (Republic of Korea) noted with sympathy the situation faced by the 22 Member States, and said that he supported the suggestion by the Committee on Contributions that the rates of assessment for those States should be determined in the context of a new scale rather than through preferential treatment.

30. His delegation agreed with the Committee on Contributions that national income was more sound for the purposes of the scale of assessments. In addition a 100 per cent gradient would give rise to problems and would benefit only a very limited number of countries.

31. His delegation endorsed the phasing out of the scheme of limits, while noting that there was a close link between the scheme and the statistical base period. The latter should not be shortened, since its current length was the strongest guarantor of stability over time in that it averaged out national income fluctuations. Lastly, his delegation agreed with the Committee on Contributions that it was most appropriate to continue to use market exchange rates (MERs). The disadvantages of using MERs would be resolved as soon as all States Members of the United Nations had become members of IMF.

32. While it was true that the current methodology was far from simple, the "clean slate" approach, by which a country's rate of assessment would be based only on its total national income compared to the total world income, would not produce fair results. There was thus a need to proceed cautiously and to undertake a comprehensive analysis of the situation before making any significant changes to the current system. His delegation would support efforts to establish a scale of assessments that adequately reflected Member States' capacity to pay, but believed that, in future, account must be taken of non-technical factors.

33. Ms. ARYSTANBEKOVA (Kazakhstan) paid a tribute to Syed Amjad Ali who richly deserved to be appointed as member emeritus of the Committee on Contributions, which he had chaired for 27 years.

34. Nobody denied that improvement in the financial situation of the United Nations was directly linked with improvement of the scale of assessments and its methodology. It was unfortunate that the Fifth Committee had been unable to reach a consensus in 1992 as to how to deal with the contributions of the new

(Ms. Arystanbekova, Kazakhstan)

Member States and how to improve the scale methodology. That had complicated the work of the Committee on Contributions at its fifty-third session. Kazakhstan had hoped that at its latest session the Committee on Contributions would agree to its request that its rate of assessment should be changed in accordance with rule 160 of the rules of procedure of the General Assembly, and it had supported the joint appeal of the 14 republics of the former Union of Soviet Socialist Republics.

35. Kazakhstan welcomed the growing understanding that the scale methodology should reflect to the maximum extent its basic principle, i.e. the capacity to pay. That goal was difficult to attain, but the Fifth Committee ought to be able to devise a simple, transparent and non-discriminatory scale which reflected the recent changes in the world and in the United Nations. The delegation of Kazakhstan agreed with the Committee on Contributions that the concept of national income should be used as the basis for calculation of the scale.

36. Kazakhstan also supported the use of market exchange rates, but on a universal basis. The efforts to solve the problems connected with the quality of statistical data should be continued, especially with respect to the new Member States, and care should be taken in the application of the different adjustment procedures, including the low per capita income allowance. In any event, it was important to eliminate as far as possible the distorting elements in the present scale methodology, in particular the scheme of limits.

37. The present statistical base period should be considerably shortened in order to reflect better the actual capacity to pay.

38. It was encouraging that many delegations understood the problem and the concerns of the new Member States, whose rates of assessment could be changed in the context of a new scale without them receiving any preferential treatment.

39. Mrs. MLADINEO (Croatia) reiterated Croatia's support of the principle of the capacity to pay, for its own capacity had been considerably reduced as a result of the dissolution of the former Republic of Yugoslavia. The Croatian economy, which had been relatively sound before the war despite being semi-planned, had had to cope simultaneously with the problem of the transition to a market economy and with the destruction caused by the war. The aggressors still occupied 23 per cent of the country's territory; 30 per cent of its industrial facilities had been destroyed, and about 15 per cent of its total housing stock of 1.8 million units had been destroyed or damaged. The main rail and road routes connecting the north and south of the country had been put out of use, causing tremendous transportation, communication and economic problems. The direct losses suffered by Croatia owing to the war were estimated at US$ 20 billion. The per capita GDP had fallen from US$ 3,700 in 1990 to US$ 2,100 in 1992. About 18 per cent of the workforce was unemployed. The country's economy would need a long time to recover to its pre-war levels. Given the reduction in its capacity to pay, the Government had been unable to meet its obligations to the United Nations in full.

(Mrs. Mladineo, Croatia)

40. Accordingly, the Croatian delegation believed that the adoption of a shorter statistical base period would make it possible to establish a more realistic scale of assessments which took into account the true economic situation of each Member State.

41. Mr. ZEYAD (Kuwait) said that his delegation was pleased that, in view of the distinguished service of Syed Amjad Ali as its Chairman for 27 years, the Committee on Contributions had decided to recommend to the General Assembly that he should be appointed as member emeritus.

42. It regretted that the consideration of the methodology of the scale of assessments in the Fifth Committee in 1992 had hindered rather than facilitated progress in the improvement of the methodology. The methodology, which was based on General Assembly resolution 46/221 B, had undergone many modifications, and it would be preferable to continue to amend it rather than to start again from square one.

43. Mr. WORONIECKI (Poland) said that his delegation was also pleased that the Committee on Contributions had decided to recommend that Syed Amjad Ali should be appointed as member emeritus. He should also be officially granted the freedom of the Headquarters of the United Nations on a permanent basis. Furthermore, a display board describing the financing of the United Nations and the work of the Committee on Contributions and including a portrait of its former Chairman should be erected in the public part of the Headquarters building.

44. Like the European Community and its member States, Poland was ready to see the scale of assessments simplified and made more transparent on the basis of verifiable, reliable, comparable and recent data. The scale should be based on the principle of the relative capacity to pay, which would be determined in the light of comparable national income data. That would be a lengthy undertaking requiring the gradual elimination of the existing distortions in the assessments of Member States. The first step should be to dispense with the scheme of limits which was an unfortunate legacy of the first - and short-lived - energy crisis of the 1970s. As the European Community had suggested, shortening the statistical base period would help to establish fairer assessments for the Member States which had emerged from larger entities. As the World Economic Survey confirmed, the transition from a planned to a market economy had proved to be more arduous than expected, and it would apparently take several years to attain former output levels; that was true of Poland as well as other countries.

45. The Polish delegation was committed to the spirit and principle of consensus in the negotiation and adoption of the scale of assessments.

AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

Managing works of art in the United Nations (A/48/72 and Add.1)

46. Mrs. ARCHIRI DE GIOVANNI (Italy) said that it was necessary to make an inventory, in accordance with professional criteria, of the works of art of the Organization, and that their evaluation and conservation must be based on well-defined principles. It was also important to strengthen and reorganize the Arts Committee.

47. Mr. SPAANS (Netherlands) said that experts from local museums in New York and other headquarters cities should be called in to ensure the good management of the Organization's works of art.

48. Mr. ABRASZEWSKI (Joint Inspection Unit) endorsed the suggestion that local experts should be called in to manage the works of art.

49. The CHAIRMAN declared that the Committee had completed its general debate on the report of the Joint Inspection Unit on managing works of art in the United Nations.

The meeting rose at 12.45 p.m.

UNITED NATIONS

General Assembly

FORTY-EIGHTH SESSION

Official Records

FIFTH COMMITTEE
9th meeting
held on
Monday, 1 November 1993
at 3 p.m.
New York

SUMMARY RECORD OF THE 9th MEETING

Chairman: Mr. HADID (Algeria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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OTHER MATTERS

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7 December 1993
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The meeting was called to order at 3.10 p.m.

AGENDA ITEM 127: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/48/11)

1. Mr. YEGOROV (Belarus) endorsed the proposal to appoint Mr. Ali as member emeritus of the Committee on Contributions. Mr. Ali's vast experience would be of great value to the Committee.

2. Neither the Committee on Contributions nor Member States, including Belarus, had yet come up with a method to eliminate the imbalance between the current capacity to pay of many Member States and the financial obligations arising from membership status. That problem arose from two sources: the first was the absence of political will to find a way of distributing the financial burden equitably, with due regard to the current economic situation of each Member State; the second, which derived from the first, was that assessments had thus far been calculated on the basis of an obsolete and cumbersome methodology, which was not adapted to current requirements, and the proof lay in the fact that the Committee on Contributions, the Fifth Committee and the General Assembly had not managed to respond to his country's request that consideration should be given to reducing its assessment to the United Nations budget.

3. In June 1992, owing to the steady economic decline in his country, linked mainly to the consequences of the Chernobyl nuclear disaster, his Government had asked the Committee on Contributions to reduce the amount of its assessment. Yet, the Committee, concerned with resolving the problem of redistributing the assessment of the former USSR, had recommended to the General Assembly, at its forty-seventh session, that the assessment rate of Belarus and Ukraine should be increased by more than 50 per cent. That arbitrary solution had been the result of the Committee members' decision to distribute the contribution of the former USSR in a mechanical fashion among Belarus, Ukraine, the Russian Federation and the new States Members of the United Nations which had also been part of the former Soviet Union. In addition, Belarus and Ukraine had been included in the list of new Member States even though both had been founding Members of the Organization. In taking that step, the Commission was disregarding the principle of the sovereign equality of all Member States, rule 160 of the rules of procedure of the General Assembly, and other universally accepted principles and criteria for the determination of the scale of assessments. Furthermore, the Committee on Contributions had used outdated statistics on the national income of Belarus for the period 1980-1989, which had been based on an artificial exchange rate linking the Soviet rouble and the United States dollar, and had ignored the data prepared by national statistical institutes, which better reflected his country's capacity to pay.

4. His Government had been compelled to state at the forty-seventh session that it found those recommendations unacceptable, and his delegation had done everything possible to bring about a re-establishment of justice, to no avail. The Fifth Committee, and subsequently the General Assembly, had approved the recommendations of the Committee on Contributions, which had led to the adoption of decision 47/456. That unprecedented decision had been rejected by more than one third of the States Members of the United Nations, which was a warning sign

(Mr. Yegorov, Belarus)

that things were not right in relations between the Organization and its Member States.

5. On 17 February 1993, his Government had made a statement in which it had reaffirmed that the decision adopted was unacceptable and had declared that Belarus, in conjunction with other States Members of the United Nations, was prepared to continue to seek a fair solution, regarding the amount of its assessment. Again, there had been no reply and it had not been possible to adopt a decision at the resumed forty-seventh session.

6. In June 1993, in a note verbale from its Permanent Representative to the United Nations in which the latter had cited rule 160 of the rules of procedure of the General Assembly, his country had again asked the Committee on Contributions to change its assessment rate for 1993 and 1994 in view of the calamitous deterioration of its capacity to pay, and, in support of its request, it had presented updated national income data and exchange rates prepared by the competent bodies of Belarus and by the International Monetary Fund.

7. In accordance with rule 160 of the rules of procedure of the General Assembly, in cases where it was clear that substantial changes had occurred in States' relative capacity to pay, a revision of the scale of assessments could be undertaken. Furthermore, the Committee on Contributions had the authority to make recommendations to the General Assembly in response to requests from Member States for changes in their assessments. Nevertheless, the Committee had not done so and had arrived at the conclusion, set forth in paragraph 28 of its report (A/48/11), that a determination of assessment rates for the 22 Member States (including Belarus) that better reflected their current capacity to pay could only be achieved in the context of a new scale of assessments. Consequently, the requests made by Belarus and other States with regard to rule 160 of the rules of procedure of the General Assembly had not been taken into consideration.

8. His country had thus come to several conclusions. First, rule 160 of the rules of procedure had become a dead letter since it was not taken into account in practice. Second, the current methodology for determining the scale of assessments was not based on the principle of States' capacity to pay, nor did it possess sufficient flexibility or transparency. Third, there was a need for profound changes in the Organization and methods of work of the Committee on Contributions, whose work should be based on rigorous legal foundations and a methodology which, as stated in its own report (A/48/11, para. 66), should be simple, transparent and based on reliable, verifiable and comparable data.

9. In his delegation's view, one possible approach was suggested in paragraph 66 of the Committee's report (the "clean slate" approach). His delegation did not agree that a radical change in methodology might have a negative impact on developing countries. The illustrative scale in annex V to the report indicated otherwise. The changes in the assessments of countries whose economies had performed satisfactorily in 1993 only reflected the changes in their real capacity to pay, which was, after all, the fundamental criterion for determining the scale of assessments.

(Mr. Yegorov, Belarus)

10. Belarus was faced with a dilemma. It could remain in arrears in the payment of its contributions to the Organization and possibly lose the right conferred by Article 19 of the Charter, or it could pay an unfair assessment and suffer direct financial harm. Its sense of responsibility did not allow it to remain chronically in debt to the Organization, and in October, despite its difficult economic and financial situation, the Government of Belarus had paid $3.5 million to the United Nations regular budget. However, in view of the tremendous difficulties that its people were experiencing, the Government of Belarus could not accept the unfair financial obligations imposed on it. Given that Belarus' assessment for 1992, 1993 and 1994 had been set by General Assembly resolution 46/221 A at 0.31 per cent, his delegation thought that the Fifth Committee should request the General Assembly to instruct the Committee on Contributions to establish just compensation for Belarus' higher assessment with respect to the United Nations regular budget for 1993 and 1994.

11. His delegation hoped that the Fifth Committee would consider its current request with goodwill and that a universally acceptable solution could be reached that would allow the Committee to continue to work on a consensus basis.

12. Mr. DIPP-GOMEZ (Dominican Republic) supported the recommendation that the General Assembly should appoint Mr. Ali as member emeritus of the Committee on Contributions.

13. The methodology contained in General Assembly resolution 46/221 B, which had been adopted by consensus, was acceptable to most of the Member States, even though the Committee had not considered debt-adjusted income, floor and ceiling rates or the situation of the least developed countries. Neither had the Committee on Contributions been in a position to address the request contained in paragraph 7 (c) of that resolution. He hoped that, during its next session, the Committee on Contributions would be able to make a recommendation for consideration by the General Assembly at its forty-ninth session, since, as the Chairman of the Committee on Contributions had indicated, it had suggested five alternatives without making any recommendation and had concluded that the national income concept was still the soundest for the purposes of the scale.

14. The Dominican Republic had accepted the criterion used, even though, over the past 10 years, it had had a per capita income far below $6,000 and very large external debt entailing very high interest payments that drained valuable resources that could have been used for the country's development. It was evident from the figures in annexes I to IV to the report (A/48/11), which illustrated alternatives based on national income, debt, per capita income and ceiling and floor rates, that the assessment rate assigned to the Dominican Republic by the Committee on Contributions was too high in relation to its actual situation and the official data of the United Nations Statistical Division. The Committee on Contributions should study the national income statistics of the Dominican Republic for the past 10 years, as well as other aspects of its economy and finances such as national product and per capita income, so that the assessment rate assigned to it would reflect the real situation. He also hoped it would be possible to arrive at a transparent scale that established the true assessment rates of each Member State, so that no State would feel that it was being penalized by having to pay an excessive contribution.

(Mr. Dipp-Gomez, Dominican Republic)

15. In view of the Committee on Contributions's difficulties in achieving an accurate reflection of the capacity to pay of Member States, paragraph 66 of the report suggested that a country's assessment rate might be based solely on its total national income as compared to the total world income. However, General Assembly resolution 46/221 B referred to factors that, if taken into account, would have a mitigating effect for the least developed countries.

16. Given today's dynamic and changing world, the Dominican Republic found acceptable the Committee on Contributions' recommendation in paragraph 53 of its report for the adoption of a more realistic, appropriate statistical base period.

17. Mr. AL-AMRI (Oman) supported the Committee on Contributions' decision to recommend to the General Assembly that it should appoint Mr. Ali as member emeritus of the Committee on Contributions and expressed his delegation's appreciation to Ambassador Ali for his 27 years of distinguished service as Chairman of the Committee on Contributions.

18. He recalled that, in paragraph 1 of its resolution 45/256 A, the General Assembly had reaffirmed that the methodology for determining the scale of assessments should be simplified as far as possible with a view to making it more transparent and stable over time and that the scale of assessments should be determined on the basis of reliable, verifiable and comparable data. Subsequently, in its resolution 46/221 B, the General Assembly had reaffirmed that the capacity of Member States to pay was the fundamental criterion for determining the scale of assessments; the scale of assessments should be determined on the basis of reliable, verifiable and comparable data; and the methodology for determining the scale of assessments should be simplified in so far as possible in order to make it more transparent and stable over time. The Assembly had also requested the Committee on Contributions to recommend a method for phasing out the system of limits over two three-year scale periods which would also include provisions to avoid the allocation of additional points to developing countries and had asked it to examine ways to minimize, in the first six years of the post-transition period, the allocation of additional points to developing countries which had been benefiting from the application of the scheme of limits. In resolution 46/221 D, the General Assembly had also requested the Committee on Contributions to present alternative methodologies and to comment on a model scale using a statistical base period of 10 years. That scale would be arrived at by distributing average national income weighted by per capita national income and by applying the existing floor and ceiling rates.

19. Those two resolutions provided the general framework within which a new methodology could be elaborated to determine the scale of assessments. In the view of Oman, however, the "clean slate" approach was not advisable, since it would chiefly benefit the developed countries and would cause an abrupt negative change in the assessment rates of developing countries, as indicated in paragraph 67 of the Report of the Committee on Contributions. The ideal approach would be to simplify and adjust the current methodology so as to reflect the genuine capacity of Member States to pay.

20. Mr. NDOBOLI (Uganda) commended Mr. Ali on his outstanding work and supported the proposal to appoint him as member emeritus of the Committee on Contributions.

21. The "clean slate" approach to the assessment of rates was too radical and called for caution. Any scale that would reflect the real capacity to pay of Member States must draw on experience garnered over the course of several decades, and not attempt to start afresh. Unfortunately, no methodology could satisfy all interested parties.

22. His delegation agreed with the Committee on Contributions that the concept of national income was the best approach to determining the scale. It also agreed that, despite some temporary problems cited in the report, market exchange rates (MERs) should continue to be used. The statistical base period should be determined with caution, since, as the Committee on Contributions had noted, the length of that period under the current methodology permitted fluctuations in levels of national income to average out. The length of that period could be gradually reduced, at a pace that would guarantee stability. For the moment a base period of nine years, as recommended by the Committee on Contributions, seemed reasonable.

23. It should be borne in mind that the scheme of limits was closely linked with other components of the methodology and affected the stability and predictability of the scale. Any plan to phase out the scheme of limits must protect developing countries from adverse consequences.

24. Uganda welcomed the consensus that the floor rate of 0.01 per cent should be maintained in any future methodology, and would oppose any attempt to tamper with it. It hoped that any future methodology would take into consideration the realities of the 22 Member States whose rates had yet to be set.

25. His delegation was prepared to work with other delegations in adapting the current methodology, without resorting to radical change, and with a view to creating a predictable, fair, logical and non-discriminatory methodology that could be adopted by consensus.

26. Mr. KANDAR (United Arab Emirates) congratulated Mr. Ali for his work as Chairman of the Committee on Contributions, and supported the proposal to appoint him as member emeritus of that body.

27. The United Arab Emirates observed that, as a consequence of the current scale, its rate had risen, in less than 10 years, from 0.07, which already was a high level, to 0.21 per cent. Despite serious conflicts and difficulties in the Gulf region, which had adversely affected the country's social and economic situation, the Government of the United Arab Emirates had always endeavoured to pay its share of the Organization's regular budget punctually. The economy of the United Arab Emirates depended, as did that of all other countries of the region, on a single income source, petroleum. Furthermore, the United Arab Emirates assisted other countries, especially Arab and Islamic ones, in tackling their development problems.

(Mr. Kandar, United Arab Emirates)

28. He hoped that any future methodology for the scale of assessments could be adopted by consensus and would take into account such realities as the economic, political and social changes currently taking place throughout the world.

29. Mr. BARIMANI (Islamic Republic of Iran) supported the proposal to appoint Mr. Ali as member emeritus of the Committee on Contributions, in recognition of his distinguished service.

30. His delegation had noted the difficulties with which the Committee on Contributions had had to grapple during its fifty-third session, particularly with regard to the 22 Member States whose rates had yet to be set. Determining an assessment rate which would reflect the real capacity to pay of those Member States could only be achieved in the framework of a new scale of assessments.

31. The current methodology needed to be adjusted, not discarded. Iran opposed the "clean slate" approach, for, as stated in paragraph 67 of the report, such an approach would benefit the developed countries and adversely affect developing countries.

32. Of the five income concepts considered by the Committee on Contributions in paragraphs 34 to 41 of its report, that of national income remained the best means of determining the capacity of Member States to pay, and, from a technical point of view, the soundest means of revising the scale of assessments.

33. With regard to the statistical base period, Iran felt that, in view of the rapid political and economic changes taking place in the world, a 10-year base period could not adequately reflect the economic realities of most countries. A shorter period of five or at most seven years, would better reflect the real capacity of developing countries to pay, particularly those with transition economies.

34. The market exchange rate (MER) was the most appropriate for determining the scale of assessments, but it was disadvantageous to countries with exchange rate problems or high inflation and to those which were shifting from centrally planned to market economies. For such countries, price-adjusted rates of exchange (PAREs), should be used to correct the distortions and imbalances caused by MERs.

35. In the view of Iran, the scheme of limits should be phased out. According to paragraph 58 of the report, the phasing out of the scheme of limits and the shortening of the base period could adversely affect some countries and benefit others. Consequently, in eliminating the scheme of limits, all remaining provisions of resolution 46/221 B must be strictly respected, so as not to assign additional points to developing countries, especially those which had benefited from the implementation of the scheme of limits.

36. Mrs. RODRIGUEZ (Cuba) supported the recommendation that Mr. Ali should be appointed member emeritus of the Committee on Contributions, in recognition of his 27 years of distinguished service.

37. During the current session, the Committee on Contributions must propose assessment rates for "the 22 Member States" that reflected their difficult

(Mrs. Rodriguez, Cuba)

political, juridical and financial situation. Such new rates should not adversely affect those of developing countries.

38. Cuba was in favour of changing some of the components of the current methodology, in particular shortening the statistical base period to three years, yet it would be willing to accept a compromise formula and support the guidelines included in paragraph 3 of resolution 46/221 B as a basis for determining the scale of assessments for the three-year period 1995-1997.

39. Cuba wished to go on record as being opposed to a radical change in methodology, which would be prejudicial to a sizeable group of developing countries, including those currently paying 0.01 per cent, and attached great importance to the elements contained in paragraph 7 (c) of resolution 46/221 B.

40. Mr. AL-ZIBN (Saudi Arabia) supported the recommendation that Mr. Ali, Chairman of the Committee on Contributions, should be appointed member emeritus of the Committee.

41. Regarding the scale of assessments for the period 1995-1997, he pointed out that the Fifth Committee, while not losing sight of the legitimate concerns of some new Member States, ought to try to furnish the Committee on Contributions with equitable, realistic guidelines, so as to avoid a repetition of the difficulties that had arisen during the forty-seventh session of the General Assembly.

42. While sharing the preoccupations of the 22 new Member States that had belonged to the former Soviet Union, the former Yugoslavia and the former Czechoslovakia, his delegation agreed with the conclusion reached in paragraph 29 of document A/48/11 that the most balanced result for the largest number of Member States would be achieved through modification of the methodology for the preparation of the next scale of assessments. The current methodology was far from perfect, but any change in the scale of assessments - a measure that would have numerous political repercussions - ought to be made through gradual and calculated improvement of existing methodology. Any drastic change, such as the proposed total elimination of the existing system, would benefit only a few Member States and would result in considerable losses for the majority.

43. Regarding the statistical base period, the Saudi Arabian delegation was willing to examine the concept that a period of nine years was technically superior to the current one, but for the time being it supported the current 10-year period.

44. At a time when the responsibilities of the United Nations were growing ever broader, Member States should pay special attention to the ways of financing the work of the Organization. Accordingly, he supported Japan's proposal that an independent body be established to study ways to improve the current methodology, including the question of capacity to pay.

45. Mr. MOHAMAD (Qatar) supported the recommendation that Mr. Ali be appointed member emeritus of the Committee.

(Mr. Mohamad, Qatar)

46. It was deplorable that the Fifth Committee had not yet managed to elaborate clear directives for the examination of the scale of assessments for the period 1995-1997 which the Committee on Contributions would have to carry out in 1994. It was indispensable that the necessary principles should be determined during the current session.

47. Regarding the proposal to introduce a new scale methodology, Qatar supported the methodology currently in force, which had evolved and been improved over the years. While it was not perfect, any changes to be introduced must be made cautiously, taking duly into account the economic situation of the Member States, so as to achieve equity for all.

48. The principle of capacity to pay based on national income must continue to be used for the establishment of the scale of assessments. It was not advisable to alter that principle, applying a diametrically opposed formula. One of the elements concerning which there were doubts was the proposal to use purchasing power parities for the purposes of the scale, when even the International Monetary Fund continued to use market exchange rates.

49. The Qatar delegation opposed the replacement of the existing methodology with a new one, which would further burden the Committee on Contributions and might entail difficulties for many developing countries. To achieve the desired objectives, it was necessary to continue with the current methodology, introducing the requisite changes gradually, one by one.

AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

Managing works of art in the United Nations

50. The CHAIRMAN drew the Committee's attention to an informal text of a draft resolution on managing works of art in the United Nations and said that, if he heard no objection, he would take it that the Fifth Committee wished to approve it.

51. Mr. MAYCOCK (Barbados), while generally in agreement with the informal text, pointed out that paragraphs 1 and 2 were somewhat contradictory. It was not possible to accept both the observations of the Joint Inspection Unit and those of the Secretary-General on the subject, since the Secretary-General, in his report, did not endorse all the recommendations of the Unit. He (Mr. Maycock) therefore proposed that paragraph 1 should be amended, "Accepts" being replaced with "Takes note with appreciation of".

52. Mr. SPAANS (Netherlands) said that on reading document A/48/72/Add.1, one might reach the conclusion that there was a discrepancy between what was recommended by the Joint Inspection Unit and what the Secretary-General was willing to accept. During the general debate, many delegations had supported the position of the Secretary-General, a fact which was not duly reflected in the proposed informal text. His delegation generally agreed with the position adopted by the Secretariat, with the exception of the composition of the Arts Committee. Concerning paragraph 3, as the Joint Inspection Unit constituted a biennial item, the requested report would have to be presented to the General

(Mr. Spaans, Netherlands)

Assembly at the fiftieth, not the forty-ninth session. Perhaps the text of the proposed draft resolution might be redrafted at an informal meeting.

53. The CHAIRMAN said that, in view of the two previous statements, informal consultations would be necessary before the draft resolution was approved.

54. Mr. BOIN (France) agreed with the representative of the Netherlands, but expressed doubt concerning the utility of informal consultations. Inasmuch as there was no consensus on the recommendations of the Joint Inspection Unit, he suggested that the debate on the topic be considered closed.

OTHER MATTERS

55. Mr. PANEV (the former Yugoslav Republic of Macedonia), speaking in exercise of the right of reply, said that, under Security Council resolution 817 (1993), his delegation had the right to use the constitutional name of his country, namely, the Republic of Macedonia. The Greek delegation should consult the Office of Legal Affairs of the Secretariat for the correct interpretation of that resolution.

56. Mr. ZEVELAKIS (Greece) observed that according to resolution 817 (1993), that State would be "referred to for all purposes within the United Nations as 'the former Yugoslav Republic of Macedonia'".

The meeting rose at 4.55 p.m.

UNITED NATIONS

General Assembly

FORTY-EIGHTH SESSION

Official Records

FIFTH COMMITTEE
10th meeting
held on
Tuesday, 2 November 1993
at 10 a.m.
New York

SUMMARY RECORD OF THE 10th MEETING

Chairman: Mr. HADID (Algeria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

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26 November 1993

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/48/277, A/48/281, A/48/428, A/48/452 and A/48/460; E/AC.51/1993/L.6/Add.1, Add.2, Add.30 and Add.31)

1. Mr. TAKASU (Deputy to the Under-Secretary-General for Administration and Management and Controller), introducing documents A/48/277, A/48/281, A/48/428, A/48/452 and A/48/460, said that the report of the Secretary-General on a possible new approach to programme planning (A/48/277) had been prepared in response to General Assembly resolution 47/214 and was based on the conclusions of the technical seminar convened under that resolution in April 1993. The shortcomings in the current programme planning system identified by the participants in the seminar were listed in paragraph 8 of the report. To summarize them briefly, the medium-term plan did not fulfil its intended functions. The report (A/48/277) had already been reviewed by the Committee for Programme and Coordination (CPC), which had recommended replacing the medium-term plan with a composite document containing a perspective, which would be a concise, forward-looking policy document, and a programme framework, which would list only major programmes, programmes and subprogrammes and provide guidelines against which the preparation and implementation of the programme budget would be assessed (E/AC.51/1993/L.6/Add.30). CPC had recommended that a prototype of the composite document should be presented to the General Assembly at its forty-ninth session through CPC and the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in order to facilitate a final decision on the format. Once the General Assembly had approved the new format, a new planning system would be in place. In order to have the prototype ready for CPC when it met in early 1994, the Secretariat would have to devote most of its efforts in the coming months to that task. If, at the same time, it was asked to prepare revisions to the current medium-term plan for submission to the General Assembly at its forty-ninth session, its work on the prototype might be delayed. In deciding whether to recommend such amendments, the Committee should bear in mind that the smooth implementation of any new activities that had received specific legislative mandates from the intergovernmental bodies, including the General Assembly, would not be hampered by the non-submission of revisions to the current plan.

2. The report of the Secretary-General in document A/48/281 had been prepared in response to the request by the General Assembly in resolution 46/189 that the Secretary-General should submit to it at its forty-eighth session a report on the review of the procedures for the provision of statements of programme budget implications and for the use and operation of the contingency fund. The report also addressed the question of the methodology for estimates for preventive diplomacy and peacemaking in future budget outlines and programme budgets. Since ACABQ had expressed the opinion that preventive diplomacy and peacemaking activities were, by their very nature, unpredictable (A/48/281, para. 32) and since the General Assembly had endorsed that opinion at its forty-seventh session, the Secretary-General had not included any estimates for programme budget implications or revised estimates relating to the maintenance of

(Mr. Takasu)

international peace and security in the proposed programme budget for the biennium 1994-1995. However, he intended to continue to review the matter with an eye to enhancing the transparency of the budgetary process and reducing add-ons to the original budget proposals. In that connection, the views of Member States would be appreciated.

3. The report on the accountability and responsibility of programme managers in the United Nations (A/48/452), which had been submitted in response to General Assembly resolution 47/214, focused mainly on the existing system of internal and external controls. He wished to assure the Committee that the Secretary-General attached the utmost importance to transparency, cooperation and accountability in the exercise of management responsibilities within the Organization. The Secretary-General had noted the recommendation of CPC that the system should be amended to provide, as a minimum, unmistakable allocation of responsibilities among staff members, particularly programme managers, including clear supervisory responsibilities and mechanisms for performance assessment and remedial action (E/AC.51/1993/L.6/Add.31, para. 6). Once the General Assembly had approved that recommendation, the Secretary-General would submit a report to the General Assembly at its forty-ninth session, in the light of the CPC target that changes should be implemented by 1 January 1995.

4. With regard to the report on the restructuring and efficiency of the Secretariat (A/48/428), he said that the reforms implemented to date were designed to eliminate duplication and to give priority to providing substantive support for central intergovernmental bodies. In the political sector, the new structures were built around the Organization's responsibilities in the areas of preventive diplomacy, peace-keeping, peacemaking and peace-building. In the development field, the restructuring measures had been far-reaching and were rooted in a basic concept of those functions that were best performed at Headquarters and those that were best undertaken by other global and regional entities within the Organization. In the area of management, the aim had been to introduce an integrated approach to all interrelated functions. For reform to go forward effectively, it was necessary to improve communications among all parties and at all levels. The objectives and parameters must be clear if they were to engage the support of Member States and secure the commitment of the staff. It was also necessary to accelerate the pace of intergovernmental reform, because the reform agenda could not be carried out by the Secretariat alone. Governments must do their part, too. Restructuring was also an attempt to correct the imbalance between what was expected from the Organization and the resources available to translate such responsibilities into reality.

5. The report of the Independent Advisory Group on United Nations Financing (A/48/460) was timely and important. Unless measures were taken to ensure a secure financial basis for the United Nations, there would be no fundamental improvement in its financial situation. The many valuable recommendations contained in the report merited careful review by the General Assembly. The Secretary-General's detailed comments on them should be available shortly.

6. Mr. DAMICO (Brazil), referring to the new format of the medium-term plan, cautioned against rushing to a decision on the matter. The Committee for Programme and Coordination was to be commended for its approach, which gave the Fifth Committee enough time to consider its recommendations.

7. In the view of his delegation, not all of the criticisms directed against the results and the conceptual aspects of the current system were valid. Discussion of the medium-term plan gave Member States an opportunity to participate in the planning process and helped to enhance the democratic character of the Organization and the effectiveness of the Secretariat. Moreover, the process of the discussion of the plan reduced the time required for the discussion of the budget. As CPC stated in its draft report on the second part of its thirty-third session (E/AC.51/1993/L.6/Add.30, para. 11), there was a need for a programmatic planning tool beyond the biennial programme budget. However, as noted in the Secretary-General's report on the subject (para. 8 (a)), the medium-term plan was an aggregation of sectoral views rather than a comprehensive policy document. Furthermore, the time and effort devoted to planning was not commensurate with the time and effort devoted to implementation and evaluation.

8. He was pleased to note that the basic proposals worked out during the technical seminar in April had been retained by CPC. The proposed perspective document, which revived the idea of a forward-looking policy document, should be the final product of intense discussions between the Secretariat and Member States and among the Member States themselves. The programme framework would considerably reduce the narrative part of the medium-term plan while detailing the mandates and objectives of each programme; legislative mandates would continue to be reconciled and consolidated at the level of the programme of work. In addition, the programme framework would be reviewed in the off-budget year so as to coincide with the preparation of the budget outline. In that connection, his delegation endorsed the recommendation of CPC that the present two-year programme budget cycle should be continued (E/AC.51/1993/L.6/Add.30, para. 12). He hoped that the Secretariat would be able to present the prototype of the new format to the General Assembly at its forty-ninth session so that a decision on any changes could be taken at that time.

9. Mr. CLAVIJO (Colombia) endorsed the conclusions of CPC with respect to the Secretary-General's reports on the accountability and responsibility of programme managers, the restructuring of the Secretariat and the new format for the medium-term plan. He reiterated the concern of CPC regarding the inadequacy of the report on accountability, which failed to address the issues. He drew attention to the recommendation in paragraph 8 of the relevant part of the draft report of CPC (E/AC.51/1993/L.6/Add.31), which he hoped the Secretary-General would follow up promptly, and to the recommendation in paragraph 7 of that document, that the new system should be implemented as soon as possible, but no later than 1 January 1995.

10. On the subject of restructuring, he pointed out that CPC had called for a new report, since in resolution 47/212 the General Assembly had requested an analytical report and the one submitted was more descriptive than analytical (E/AC.51/1993/L.6/Add.1). With regard to the new format for the medium-term plan, his delegation supported the conclusions of CPC (E/AC.51/1993/L.6/Add.30).

(Mr. Clavijo, Colombia)

It was clearly necessary to have a document that would serve as a more effective guide for the discussion of the programme budget, and the composite document recommended would avoid the current duplications in the discussions of the medium-term plan and the budget.

11. The Committee was faced with the question of whether or not the medium-term plan for the current period should be revised. If the Committee decided in favour of revision, it should give the Secretariat very clear instructions in order to avoid duplicating the discussion on the budget. It might be best to limit the revisions to programmes and perhaps even to the list of programmes. His delegation was flexible with regard to the approach taken, but it was important to avoid repeating past mistakes. As to the urgency of preparing the prototype format, he thought that the Secretariat would have enough time to prepare a very simple model by the forty-ninth session of the General Assembly.

ORGANIZATION OF WORK

12. The CHAIRMAN said that he had received a communication from the President of the Coordinating Committee for Independent Staff Unions and Associations of the United Nations system requesting permission to present a document and make an oral presentation to the Fifth Committee in connection with agenda item 128. He had also received a communication from the President of the Federation of International Civil Servants' Associations requesting permission to make an oral presentation in connection with the same agenda item. If he heard no objection, he would take it that the Committee wished to approve those requests.

13. It was so decided.

The meeting rose at 11.05 a.m.